UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
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Director, Division of Information and Records
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TO FARM JOURNAL EDITORS:

For your use the following information has been prepared.

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A PROGRAM FOR DAIRY FARMERS ANNOUNCED

A program to increase dairy farmers' income, to hold dairy production at or near the seasonally low levels of recent months until purchasing power in cities increases to a point at which consumers can buy larger quantities of milk products at better prices, and to provide benefit payments to cooperating farmers has been announced by the Agricultural Adjustment Administration.

Every important factor in the situation confronting the industry was considered in formulating the dairy adjustment program. A long list of plans from many sources was carefully studied. Adjustment Administration officials are not suggesting the curtailment of dairy production because they like the idea. They would like to see the nation consume much more milk and butter than it is now consuming and at fair prices to men who milk cows.

Three months ago Secretary of Agriculture Wallace said that "the Department of Agriculture owes the man who milks cows the duty of working out a program which is sound as between milk and butter", and that "good prices for dairy farmers must be based upon achieving a proper balance between production and consumer demand".

At 15 regional meetings scheduled to be held throughout the country in April, the program will be submitted for consideration by dairy farmers. They will take such action, including amendment, as they wish to take.

Under the proposed program higher prices to producers and savings in their feeding cost would result from balanced production, and cooperating farmers would receive benefit payments. For each pound of butterfat which the cooperating dairy farmer reduces below his 1932-33 sales quota, the rate of the benefit payments would be about 40 cents, or about $1.50 on each 100 pounds of surplus milk which he reduces below his 1932-33 sales quota, within the prescribed limits. These limits, for individual farmers, would be 10 to 20 percent, with a 10 percent average reduction below the 1932-33 volume as the general objective for the industry.

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The program would be based on contracts between individual producers and the Department of Agriculture. Upon acceptance of the cooperating farmer's contract, the first benefit payment would be made; the second would be made after 6 months.

A processing tax, to be levied when the program goes into effect, would begin at 1 cent a pound of butterfat content and be increased to a maximum of 5 cents as supply comes under control. A compensatory tax on oleomargarine equal to the butterfat tax is called for in the program.

Last year's production of oleomargarine was 242,231,000 pounds. Creamery butter production in 1933 is estimated at 1,736,141,000 pounds. The production of butter made on farms was 566,200,000 pounds in 1932; last year's production is estimated to be in excess of that poundage. The 1933 production of milk on farms is estimated at 102,309,000,000 pounds.

At least $5,000,000 would be set aside under the program to finance relief distribution of surplus milk to undernourished children in cities. The same amount would be used to finance the transfer of healthy cows from surplus dairy areas to needy farm families who have no cows. None of these cows would be used for commercial milk-making. Five million dollars would be used in speeding up the eradication of bovine tuberculosis. These supplementary features of the program can be extended if Congress provides funds that are proposed in pending legislation.

Although intended for one year, the proposed program could be continued for another year, at the discretion of the Secretary of Agriculture. It would not be continued, however, if in the first year there should be the anticipated increase in consumer purchasing power. When this power is down, and production is at or near the peak, prices cannot be maintained at levels that are fair to dairymen.

The purpose of the Adjustment Act is to establish and maintain such a balance between production and consumption as will re-establish farm buying power. The volume of consumption is dependent on factors beyond control under the Act. Foremost among these factors are factory pay rolls and employment in cities. Until improvement in these factors takes place, some check on dairy production is necessary if dairy farmers are to restore a balance of supply with effective demand.

The program is open to all dairymen. Eligibility to participate in it would be established by base period delivery records or other adequate sales figures. County production control associations and local committees would supervise the application of the program in their communities.

Dairy farmers will choose their own method of reducing production. They may do this by modifying their feed practices, by reducing the number of their cows or in other ways that may be indicated by their conditions. A fund of $225,000 would be used to assist them in selecting the best paying method.

Some of the unfavorable realities in the industry which require a dairy program in the public interest were recently outlined in a speech by Administrator Chester C. Davis. He pointed out that the annual production of milk increased from 87 billion pounds in 1924 to nearly 102 billion pounds in 1932. The increase from 1930 to 1932 alone was 2 billion pounds.

Appreciating the great nutritive values of dairy products and with an increasing ability to buy, American consumers used greater and greater quantities until milk production per capita had increased from 768 pounds in 1924 to 812 pounds in 1932.

Purchasing power declined drastically when the depression came, but our milk cow population went right on increasing until it now stands at more than 26,000,000 head -- the highest on record.

In the last two years the dairy industry has suffered the severest kind of punishment under the combined influence of the collapse of consumer buying power and the increase in milk production.

The total cash income of dairy farmers declined from $1,847,000,000 in 1929 to $985,000,000 in 1932. Prices of dairy products have fallen until the index of dairy prices for 1933 was 69 compared to 140 in 1928.

"From the standpoint of public policy, few farm recovery measures could be of greater significance than the successful employment of a sound program for the benefit of the dairy industry", said Mr. Davis.

This latest effort by the Adjustment Administration to adjust the production of basic agricultural commodities to actual demand is estimated to be a $165,000,000 program, with a possible extension to more than $300,000,000, depending on congressional approval of pending legislation to aid the dairy and beef industries.

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REGIONAL MEETINGS ON THE DAIRY PROGRAM

At 15 regional meetings during the first two weeks of April the proposed program to aid the dairy industry will be discussed with dairy farmers by representatives of the Agricultural Adjustment Administration. All regions of the country are to be covered by these meetings. They will be open to all dairy farmers. Administrator Chester C. Davis says that at these conferences criticisms of the program, suggestions as to its modification and expressions of opinion will be welcomed. "We want to do what the dairy farmers of the country want us to do", said Mr. Davis, in announcing the meetings.

Each meeting will be in charge of three representatives of the Adjustment Administration and the Bureau of Dairy Industry of the United States Department of Agriculture. Five groups of these representatives will be engaged at the same time at the meetings in different parts of the country. It is expected that the sentiment of representative dairy farmers concerning the program will be freely expressed at each of the meetings.

Discussions at the conferences are expected to center largely on the plan for an allotment of individual sales of milk and butterfat and benefit payments to cooperating producers, and on the dairy situation in each of the regions. Here is a tentative schedule of the meetings:

April 2-3, at Philadelphia, Pa., for Pennsylvania, New Jersey, Delaware, Maryland, Virginia and West Virginia.
" " at Indianapolis, Ind., for Ohio, Indiana, Illinois, Michigan and Kentucky.
" " at Kansas City, Mo., for Iowa, Nebraska, Missouri and Kansas.
" 3-4, at Atlanta, Ga., for Georgia, North and South Carolina, Florida and Alabama.
" " at Denver, Colo., for Colorado, New Mexico and Eastern Wyoming.
" 4-5, at Boston, Mass., for the New England states.
" " at Madison, Wis., for Wisconsin and Northern Illinois.
" " at Des Moines, Ia., for Iowa and Western Illinois.
" 6-7, at Syracuse, N.Y., for New York State.
" " at Memphis, Tenn., for Tennessee, Mississippi, Arkansas, and Louisiana.
" " at Salt Lake City, Utah, for Southern Idaho, Western Wyoming, Utah and Montana.
" " St. Paul, Minn., for Minnesota and North and South Dakota.
" 9-10, at Dallas, Tex., for Texas and Oklahoma.
" " at Portland, Ore., for Northern Idaho, Washington and Oregon.
" 12-13, at Berkeley, Calif., for California, Nevada and Arizona.

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GREATER BOSTON SALES AREA MILK LICENSE SIGNED

A new license now in effect for distributors of milk in the Greater Boston, Mass., sales area, replaces one that went into effect November 3, 1933. It is the result of extended conferences between officials of the Agricultural Adjustment Administration and representatives of producers and distributors for that territory. It eliminates and reduces certain charges heretofore made by distributors to milk producers. It contains no resale schedule for milk sold to consumers.

Under the new license, prices paid to producers will generally range from 2 to 7 cents more per hundredweight on Class 1 milk than under the old license. This has been accomplished by eliminating the 10 cents per hundredweight charge for testing and weighing milk trucked in to city plants by nearby producers which distributors were allowed to deduct under the old license; by eliminating the 3-cent can charge; by reducing the distributors' allowable freight deductions from the L.C.L. (less than carload lot) to the C.L. (carload lot) rate, and by reducing the country station charge from 23¼ cents to 20 cents.

The producer price set on Class I milk of 3.7 butterfat content in the new license is $2.95 per hundredweight f.o.b. city plant, Boston, as against $3.02 in the old license. But with the new adjustments on freight deductions, country station charges, can charges and charges for testing and weighing, computation shows that the nearby producers who truck in their milk to the city plant will receive $2.93 per hundredweight as contrasted with $2.91 under the old license. Producers in the 101-200 mile zone will receive $2.37 as compared with $2.30 in the old license. Producers in intermediate or more distant zones will receive corresponding increases.

The new license provides for a simple equalization pool with no base ratings from the effective date of the license, March 16, up to and including April 30. During this period new bases will be reestablished for individual producers by the

market administrator on a more equitable basis than was provided in the prior license and agreement. The market administrator has as yet not been named.

Under this plan each producer will be allotted a daily base either in accord with the average amount of his daily deliveries of milk during the months of September, October, and November, 1933 or in accord with his daily deliveries of milk during the calendar year, 1933 -- whichever method yields the greater base. The resulting bases will be reduced by such percentage as to make the total of all daily bases in the market approximately equal to the total average amounts of milk sold as Class I milk.

It is thus possible to establish equitable bases in spite of the fact that some major producing groups have been under base ratings for years and have increased production during the fall months while other producer groups have never had a base rating and consequently have low production in the fall months. The new bases will go into effect on May 1.

The new license provides for only two classes of milk. Class 2 milk is defined as milk used for cream. All milk in excess of Class I uses finds a ready market as cream, since the Boston cream market has for years required large imports in addition. By readjustment of the plan for payment to producers for Class 2 milk, the price has been advanced approximately 5 cents per hundredweight on Class 2 milk delivered directly from the farm to the city plant. Under the old license, the Class 2 price was the 92 score butter price at Boston plus 20 percent. Under the new license the f.o.b. Boston price is the butter price plus 25 percent.

The Greater Boston market sales area as defined in the prior license and agreement has been materially reduced in the new license by the elimination of District #2 (comprising cities and towns on the North and South Shores), District #3 (Cape Cod cities and towns) and the following cities and towns in District #1: Danvers, Lynnfield, Wilmington, Burlington, Bedford, Concord, Lincoln, Sudbury, Wayland, Weston, Framingham, Natick, Dover, Westwood, Norwood, Walpole, Foxboro, Sharon, Canton, Stoughton, Avon, Randolph, Holbrook and Hingham.

These eliminations make the sales area conform roughly to the metropolitan area within the 16-mile radius of the State House suggested at the Boston rehearing in December. The new sales area has the advantage of doing away with a large amount of producer-distributor territory and restricting the area to the true urban district.

No milk shed is defined in the new license and new producers are not prohibited from entering the Boston market, but they are required to go through a probationary period of 90 days, during which time they are to be paid only the Class 2 price for all their milk. The latter provision does not apply to producers who shift to the Boston market from another market which is operating under a Federal license.

Deductions for the market administrator's expenses are established at 2 cents per hundredweight from all producers and producer-distributors. Producers who are not members of producers' organizations will have an additional 5 cents per hundredweight deduction to be retained in a fund by the market administrator to obtain for them supervision of weights and tests, market information and credit loss

protection. This 5 cents deduction for non-members contrasts with 10 cents under the old license.

The new license requires that each producer shall be paid twice a month with final settlement to be made not later than 25 days after the end of each pay period.

Each distributor is required to make full and accurate reports to the market administrator of receipts and sales of milk and of payments and deductions to producers. Any distributor deductions other than those set forth in the license must have the approval of the administrator before they are levied against the producers. The license carries a clause calling for the bonding of all distributors to protect payments to producers or the furnishing of other evidence of their financial responsibility satisfactory to the administrator.

Butterfat differentials are increased in the new license from 1/10 of the average 92 score butter quotation to 1/10 of that quotation plus 25 percent. On a basis of 27-cent butter, the old differential would have been .027 cents per 1/10 percent of butterfat, while under the new license the differential will be .034 cents. This establishes a butterfat differential in line with the value of extra butterfat above and below the 3.7 percent standard test in close comparison with the value of such butterfat in cream.

Under the new license it is provided that distributors and producers must make such reports to the Milk Director under the old license and agreement as may be required covering the period from November 3, 1933 to the effective date of the new license. In the notice revoking the old license it is made clear that the office of Milk Director under the old license has authority to settle all obligations of the equalization pool or otherwise up until the cancellation of the old agreement. It is further stipulated that the office of the Director shall be deemed to have continued after February 1 until the effective date of the new license in spite of the termination of the agreement on the former date.

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MILK MARKET ADMINISTRATORS NAMED

Administrators for five metropolitan markets under licenses issued for the purchase and sale of milk by the Agricultural Adjustment Administration recently were named.

Elmer H. Bourgerie, formerly of Minnesota, was named enforcement officer and market administrator for the New Orleans sales area.

Max M. Morehouse, formerly manager of the Wichita Milk Producers' Association, was appointed market administrator for both Wichita and Kansas City, Kans., under new licenses which became effective on March 17.

Alfred W. Howard, formerly of Chicago, was named market administrator and enforcement officer for the Evansville, Inc., milk sales area. He replaces the original appointee, Thomas Dimitry.

Einar Jensen is the market administrator of the Greater Boston, Mass., milk sales area. He will succeed Frederic C. Snyder, who has served as milk director under the former agreement and license for Boston.

Mr. Jensen has been milk marketing specialist in the Agricultural Adjustment Administration for several months, during which time he has made an intensive study of the Boston market while the new license was being prepared and negotiations were under way with the agencies on the market. He was a resident of Boston for four years and is familiar with dairy conditions in New England.

Although a native of Denmark and for six years connected with Danish cooperative organizations, Mr. Jensen is a naturalized citizen of the United States. He has had wide experience in American universities and in dairy marketing. He also taught at the University of Alberta, and at the time was called upon by the Provincial Legislature there to assist in a study of various dairy problems.

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RENTALS AND BENEFITS TO MARCH TOTAL $173,570,549

Rental and benefit payments distributed under Agricultural Adjustment Administration programs up to March 1 were $173,570,549 to 1,774,431 farmers in 46 states.

In addition to these payments, the Administration had expended $8,979,933 on that date for administrative expenses, and $49,841,684 for removal of surplus products.

The $173,570,549 rental and benefit payments made up to March 1 were distributed as follows: $112,349,176 to 1,030,536 cotton growers; $59,635,216 to 712,354 wheat farmers; and $1,586,156 to 31,541 tobacco growers.

Distribution of rental and benefits during the month of February increased by $14,576,037. The number of farmers to whom payments were made during the month increased by 183,732.

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DELEGATES TO WORLD WHEAT MEETING AT ROME

Frederick E. Murphy of Minneapolis, delegate of the Department of Agriculture to the meeting of the International Wheat Advisory Committee, is on the way to Rome to attend the meeting of the committee which opens April 5. Four representatives of the United States will be present. In addition to Mr. Murphy, the Hon. John V.A. MacMurray, American Minister stationed at Latvia, and Loyd Steere, agricultural attache at Berlin, and technical adviser, are regular members of the committee, and will attend.

Dr. Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, is the fourth member of the delegation.

Mr. Murphy was the head of the United States delegation at London last summer when the International Wheat Agreement was signed. The April meeting of the committee is considered one of the most important to be held since the agreement was signed. In addition to the regular members of the committee, a number of countries are sending special representatives.

It is expected that some of the countries which are not regularly represented on the committee may have representatives present.

The Department has been informed by the Canadian Legation that the Hon. John McFarland will attend this meeting to represent Canada. Mr. McFarland has been a leading figure in Canadian wheat policies over the last several years.

Three major topics will be up for consideration:

(1) The steps taken by the various exporting and importing countries to fulfill their obligations under the International Wheat Agreement. Except for the United States, none of these countries has as yet gone through a wheat planting season since the signing of the International Wheat Agreement. This will be the last meeting prior to planting time for several countries, so that it will be necessary for them to indicate what specific action, if any, they are taking to fulfill their commitments.

(2) Whether to extend the character of the International Wheat Agreement so as not merely to restrict exports, as is already being done, but further to elevate the general level of world prices through establishing some system of minimum prices for export sales, or restricting exports with reference to changes in the world level of prices.

(3) Whether to further broaden the wheat agreement to provide for additional concerted measures for the increase of wheat consumption. These might include measures to denature wheat for feeding to livestock and so eliminate it from human consumption, or measures to modify milling restrictions or regulations so as to raise the quality of flour and thus increase the quantity of wheat consumed in the production of flour. Other possible means of encouraging wheat consumption are also up for discussion.

The reports to the Department from the secretary of the International Wheat Advisory Committee and from other sources indicate that a number of countries have already taken definite steps to carry through their obligations under the agreement. The latest step was taken by Canada. Bills were introduced simultaneously in the Parliaments of the three Prairie Provinces and in the Parliament at Ottawa, seeking, in the words of Prime Minister Bennett, "to bring the production of wheat . . . in the year 1934 into proper alignment with the estimated current export demand for the crop season 1934-35 and normal domestic requirements in the same period, having regard to the quota applicable to the Dominion of Canada as provided by Article 2 of the London Wheat Agreement."

The fact that Canada has now taken definite steps to implement the agreement by putting laws on the statute books definitely to regulate wheat production in line with the international agreement, is expected to be an important strengthening factor in the coming conference.

Australia, France, and Germany as well as Canada have already taken definite steps to put the agreement in effect. Australia has developed legislation to control the quantity exported. France has reduced the milling extraction which is permitted, thus increasing the quantity of wheat consumed for flour, has denatured considerable quantities of wheat for feeding livestock, and has passed legislation

placing a heavy tax on expansion in wheat acreage. Germany has conducted an extensive educational campaign urging farmers to shift from wheat production to the production of other crops. Similar steps are under consideration in other European countries.

Another encouraging development under the agreement has been the cooperation which the Danubian countries have shown in carrying through their commitments.

These several developments indicate that although there is not yet 100 per cent effectiveness in carrying out the wheat agreement, a number of wheat producing countries are taking definite steps to put the agreement into effect; and it may eventually be of great significance in improving the world wheat situation.

The wheat crops of last year in the importing countries were phenomenally large. As a result, the restriction on exports did not bring the firmness to world wheat prices which was anticipated at the time the agreement was signed last year. At the same time, the several steps taken by the countries signatory to the agreement indicate that at least a start is being made toward reducing world wheat production and toward increasing total consumption. As these further changes begin to influence the total world supply and demand picture, the international agreement may become an increasingly important factor in correcting the surplus situation in this commodity.

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HATCHERY CODE REGULATIONS APPROVED

Rules and regulations dealing with definitions, fair trade practices, cost of production and distress sales, advertising, and scope of the code, have been approved by Secretary of Agriculture Wallace for the code of fair competition for the commercial and breeder hatchery industry. The regulations were submitted to the Secretary for consideration and approval by the coordinating committee in charge of supervision of the code.

Extremely small operators are exempted from the provisions of the code by the committee's rulings, which state that persons custom hatching less than 1,000 eggs, or selling less than 500 chicks during a calendar year, are not required to comply with the code.

A minimum fee of $2 is required from dealers for each place of business from which checks are distributed. Mail-order businesses are required to pay at least one minimum fee and must comply with the provisions of the code. Salesmen may be paid in checks instead of money, but the net price of this type of commission must represent at least the cost of production.

In the code the selling of products below cost of production is designated as unfair competition. Provision is made for disposal of distress chicks. The regulations determine surplus chicks not to be distress, until hatched and counted, and require that each lot of distress chicks be listed separately with the committee, which may have 24 hours in which to exercise an option to buy such production.

The coordinating committee is instructed to adopt a uniform system of accounting, which members of the industry may use if they wish, in arriving at their individual cost of production. The committee is also to suggest the average cost of production of hatcheries in general. These costs, however, cannot be used to determine whether the code has been violated. In interpreting this section of the code, the committee has set out in detail the factors which must be considered in determining individual cost of production.

In computing production costs, allowance for personal and family labor must be at code wages --- not less than 37½ cents per hour. Incubator equipment must be inventoried at its fair value, allowing a depreciation of not less than 7½ percent per year, and old equipment can not be inventoried at less than 5 cents per egg setting, regardless of age or condition.

Started chicks can not be sold at less than the individual producer's cost of production of baby chicks, plus additional costs of growing, sales, distribution, and other costs.

The committee has ruled that hatcheries may list wholesale prices to the wholesale trade, but in no event can these prices be less than cost of production. If sold at auction, no bid representing less than cost of production can be accepted. However, management of chick shows under supervision of State colleges of agriculture may sell exhibited chicks at auction without restriction.

Discounts that are publicly made and offered to all customers on the same basis are not prohibited, provided such discounts will not bring prices below the seller's cost of production.

Advertising sections of the code are interpreted by the committee to mean that each firm is responsible for its advertising, and false or misleading advertising is a code violation. Brokers and dealers may advertise under their own name and need not reveal source of chicks sold, except in cases where particular qualities are claimed.

Where sales literature is used in promoting sales by dealers, the chicks must be shipped direct from producer to buyer, and brokers and dealers cannot sell accredited, certified, supervised, or pullorum-tested chicks unless they comply with the requirements of a State agency supervising this work. When chicks are advertised of a certain strain, of a certain breeder, they must actually be of such strain without any mixture of breeding. When chicks are sold as accredited, certified, supervised, pullorum-tested, or with other special qualities, the descriptive label on each shipment carrying the information required by the code must be at least 4 by 5 inches in size.

In order to advertise as a "farm" or "poultry farm", the hatchery owner must own or lease land on which the poultry breeding operations are carried on. The operations must be of close relationship between the breeders on the farm and the majority of the chicks sold.

Advertisements referring to results of egg-laying contests must be limited to results obtained at official contests and record of performance work. Advertising and selling chicks from the same plant under two or more different names, or

selling the same quality and grade at different prices and using two sets of literature is a violation of the regulations of the code.

When chicks are advertised as being from blood-tested stock, the advertising must be specific as to the disease tested for, and the methods used, and chicks thus sold cannot be hatched in the same incubator or incubator room as are those from flocks not blood tested.

Giving extra chicks beyond the number specified in the order is prohibited, as well as the setting of eggs weighing less than 1-5/6 ounces each, or averaging less than 23 ounces per dozen.

Premiums paid for hatching eggs shall be set by the local committees, and a hatcheryman cannot contract with a farmer for such eggs or cause him to incur expense in flock improvement or disease control work, unless eggs are to be purchased from the farmer. Chick growing contests, with prize awards, or offers of premiums in connection with chick sales are outlawed by the regulations.

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FARM PRICES FOR EGGS AND POULTRY

In answer to an editor's questions, the Poultry Unit of the General Crops Section of the Agricultural Adjustment Administration states that the farm price of eggs is about 4 cents a dozen higher that at this time a year ago. On February 15 the farm price was 4.8 cents a dozen higher than on that date in 1932, and 1.7 cents higher than on the same date in 1931. Late winter high prices of eggs generally carry through the spring.

Supply and demand conditions at four principal markets--New York, Chicago, Philadelphia and Boston -- affect farm prices for eggs. Due largely to favorable weather conditions in the midwest, receipts of eggs at these markets in February were considerably greater than they were last year, and larger than the 1927-1931 five-year average. It is noteworthy in this connection, however, that the number of hens and pullets at present on farms is less than it was last year, and less than the 1927-1931 five-year average.

Farm prices for live chickens on February 15, 1934, were 10.2 cents a pound, compared with 9.4 cents last year, but they were considerably lower on that date in 1932, and lower than the 1927-1931 five-year average.

Storage holdings of dressed poultry on March 1 this year were 101,790,000 pounds, compared to 88,675,000 pounds last year, and 100,509,000 pounds for the five-year average. These holdings must be moved out within a year from the time at which they go into storage. They usually are consumed in a few months after going into storage. Dressed poultry in storage depresses or tends to depress prices of live chickens on farms, and they vary widely in quality.

An unfavorable factor in the egg and poultry situation is that feed prices have advanced more rapidly than egg prices. It took more eggs to buy 100 pounds of feed February 15 than in any other year back to 1921 except 1931. Feed costs are now uncommonly high in relation to egg prices paid to farmers. Most farm flocks subsist in part or altogether on unpurchased feeds.

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TWO 1934 TOBACCO ADJUSTMENT PLANS ANNOUNCED

An adjustment plan for 1934 New England tobacco production and a similar plan for the 1934 tobacco crop in the Pennsylvania-New York district were recently approved by Secretary of Agriculture Wallace. Producers on the basis of 100 percent participation will receive about $1,364,000 in all payments for 1934 performance in the Pennsylvania-New York area. New England producers will receive approximately $1,270,000. The two plans now offered differ from the original cigar-leaf tobacco programs in that producers now have the option of keeping either one-third, one-half, or their entire base acreage out of production, and have two additional choices in the determination of base acreage.

It is estimated that the new program for New England will reduce the acreage of filler and binder cigar-leaf types in the Miami Valley, Wisconsin-Minnesota, Pennsylvania-New York, and New England areas to about 50 percent of the 1932 acreage.

Growers who participated in the 1933 reduction program may accept the new revisions as a supplement to their original contract by submitting satisfactory evidence that payments made to them last season were divided with share-tenants.

All participants in the 1933 plan who do not wish to accept the revisions as a part of their contract are required, under the decision of the Secretary that the program continue, to maintain the 50 percent reduction made by them last season, for which they will receive payments on the same basis as in 1933. Such growers will not sign any supplement to their 1933 contracts.

Contracting producers will be required to limit the use of the land taken out of production of tobacco. No crops for sale can be grown on such land, but feed or food crops directly or indirectly for home consumption will be permitted on one-half of contract acreage. The remainder must be left idle or can be planted to erosion-preventing or soil-improving crops. If no harvested crop is grown on the contracted acreage, the entire acreage may be used for pasturage of livestock for consumption or use on the farm.

The total acreage planted to crops for harvest in 1934 in addition to the contracted acreage, cannot exceed the acreage for 1932 or 1933, whichever is greater, while the acreage of any basic commodity crop on the farm cannot be increased over that of 1932 or 1933, whichever is greater.

Other revisions carried in the supplement to the contract require that there be no reduction in the number of share-tenants on the farm, and provide for equitable division of the second payment with tenants. All new participants must sign the supplement.

The choices for base acreage in the 1933 contracts were as follows: (a) 80 percent of the average acreage planted to tobacco on the farm in 1931 and 1932; (b) the entire acreage of tobacco in 1932, provided that this acreage did not exceed that of 1931; (c) the average acreage planted to tobacco in 1931 and 1932, provided that the tobacco planted in 1932 was greater than that in 1931, The new choices now offered in addition to the old ones are: (d) two-thirds of the acreage

planted to tobacco in 1931; and (c) one-half of the acreage planted to tobacco in 1930.

The first payment will be at the rate of $20 per acre of reduction required under the option chosen. The rate of the second payment will vary according to the market value of the crop harvested in 1934, and the option chosen as to amount of reduction. In all cases minimum payments per acre are specified.

A grower who elects to reduce his acreage by 100 percent will receive payments on his entire base acreage; the first payment at $20 per acre, and the second at $7 per acre. If the producer has participated in the 1933 reduction program and becomes eligible for the supplemental payment, he will receive $3 per acre in addition to other payments.

A grower who chooses the 50 percent reduction will receive payments on half of his base acreage; the first payment at the rate of $20 per acre, and the second payment for each acre will be 40 percent of the average value of each acre of tobacco harvested by such grower in 1934, with a minimum rate of $14 per acre. In case the supplemental payment is received, it will be made on one-half of the base acreage.

The grower who selects the option for 33-1/3 percent reduction from his base will receive $20 per acre on one-third of his base acreage in the first payment; with a second payment for each acre equal to 35 percent of the average value of each acre of tobacco harvested by such grower from his base acreage in 1934, with the minimum second payment placed at $12 per acre. The supplemental payment will be made, if the grower qualifies, on the same acreage as the other payments.

The first payment and the supplemental first payment will be made before October 1, 1934, and the second payment is due within 60 days after proof of the market value of the tobacco produced, and compliance to other terms of the contract, have been presented by the grower.

Producers who did not participate in the program last year will be offered contracts which include the supplementary provisions. The contract will be the same as that used last year; the supplementary provisions will be carried in a rider to the contract. Contracts will be available to these growers through local committeemen.

Producers who participated in the program last year and who elect to keep 50 percent of their present base acreage out of tobacco this year will not sign a new contract and may elect to sign or not to sign the rider. If they choose a new option or a new base tobacco acreage, or both, they will sign a rider. Copies of the rider will be mailed before April 1 to all producers who participated in the program in 1933. If they sign the rider and qualify under it, they will receive a supplementary first payment.

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PROTECTION OF PEANUT INDUSTRY CONSIDERED

Plans to protect the peanut industry against low returns that may result from threatened increased production are under consideration by the Adjustment Administration. The control board set up under the recently established marketing agreement for peanut millers, has requested the Administration to adopt, as early as possible, some program for the control of production or marketing. Relatively favorable prices brought by the 1933 crop, and the release of labor and equipment from production of other crops in the South may, it is feared, bring about increased production, a surplus, and low prices, unless some protective steps are taken.

One plan, tentatively approved by the control board, would be to determine the amount of the 1934 crop which could be moved into cleaning and shelling channels without danger to the minimum price schedules established in the marketing agreement, and to apportion the growing of this amount among States, counties, and individuals on the basis of acreage and production in a base period to be specified.

Under this plan millers would be permitted to purchase, for cleaning and shelling, only peanuts grown under such allotments. Peanuts from farms without allotments, or peanuts grown in excess of allotments, could be marketed only to be crushed into oil, or for other purposes than cleaning and shelling, and would therefore bring approximately oil prices.

In its present form this plan includes production control features that can be applied only to products listed as basic agricultural commodities in the Agricultural Adjustment Act, as it now reads. The plan now being considered would therefore be applicable only in the event that proposed amendments to the Act, making peanuts a basic commodity, are passed by Congress.

A modification of the plan, also under consideration, would be directed wholly toward market protection, with allotments based on a flat percentage of acreage and prospective production in 1934, instead of upon acreage and production during a selected base period. The allotments would be made, as in the plan formerly discussed, from the amount of the 1934 crop which could be used for cleaning and shelling without endangering the minimum price schedules in the marketing agreement. These allotments would be made by counties and prorated among growers in each county. This plan would not penalize growers who have already made plans to plant peanuts in 1934, as they have done in a large portion of the peanut region.

Under either plan, minimum prices would be paid only for the allotted proportion of the crop, and the surplus would be used for oil, or purposes other than cleaning and shelling.

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PEA MARKETING AGREEMENT TENTATIVELY APPROVED

For producers of peas for canning, a marketing agreement tentatively approved, is designed to obtain prices approaching parity to producers. It is being sent to 285 contracting canners for their signatures. It pledges canners to pay a flat price at least $6.50 more per ton than was paid for shelled peas in the 1933 season, which was about $41 a ton. This would be a price increase of about 15 percent to growers for their 1934 crop, raising the price approximately to parity.

As the limitation and allocation of the pea pack is not feasible this year, J. W. Tapp, assistant director of the commodities division of the Agricultural Adjustment Administration, urges canners to exercise strict control over the contracted acreage and pack in 1934. If consumption and production are to be balanced, a decrease in the acreage of peas for canning is necessary.

A national committee selected by the industry, with five members appointed by the Secretary of Agriculture, would supervise compliance with the agreement. The estimated farm value of peas for canning in the United States in 1933 was $5,745,000. Wisconsin and New York lead as producers. Other important producing States are Maryland, Minnesota, Utah, Illinois, Michigan, Indiana, Ohio, Colorado, Montana, Washington, Pennsylvania and Virginia.

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FRESH CALIFORNIA ASPARAGUS MARKETING AGREEMENT

A marketing agreement for the fresh asparagus industry of California became effective March 17. It was accompanied by a licensing order, signed by Secretary Wallace which became effective March 20.

Signature of the agreement, which will cover the marketings of asparagus this season, marks the second step by the Agricultural Adjustment Administration in a program to aid producers of asparagus in California. The first step was the licensing, effective March 6, of the canned asparagus industry of that State. The purpose of the canners' license is to increase returns to producers through limiting the packing season and restricting the total pack for the season. The programs for the canned and fresh asparagus supplement each other.

The fresh asparagus agreement seeks to regulate the supply reaching the market through proration.

Two committees, one the control committee, and the other the proration committee will administer the agreement. The control committee is to be composed of shippers, selected on a tonnage basis, while the proration committee is to be composed of representatives of handlers and growers.

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